

**RECOMMENDATIONS FOR PERFORMANCE INDICATORS
FOR USAID/PHILIPPINES' DEMOCRACY AND GOVERNANCE
STRATEGIC OBJECTIVE**

October 1995

Prepared for:

**The Office of Governance and Participation, USAID/Philippines
and
Center for Democracy and Governance,
Bureau for Global Programs, Field Support and Research**

Prepared by:

F. Richard Gaeta, Ph.D. and Lawrence C. Heilman, Ph.D.

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ACRONYMS

D/G	Democracy and Governance
RP	Results Package
LGU	Local Government Unit
NGO	Non Government Organization
PO	People's Organization
GOLD	Governance and Local Democracy Project
GOP	Government of the Philippines
LDAP	Local Development Assistance Program
1991 Code	Local Government Code of 1991
PBAC	Pre-qualification, Bids, and Awards Committee
RPMES	Regional Project Monitoring and Evaluation System
IRA	Internal Revenue Allotments
ARD	Associates in Rural Development
TUCP	The Trade Union Congress of the Philippines
AAFLI	The Asian-American Free Labor Institute
CSO	Civil Society Organization
OGP	Office of Governance and Participation
DMD	Data Management Division
MIS	Management Information System

EXECUTIVE SUMMARY

The indicators identified below are recommended for consideration for USAID/Philippines' Democracy and Governance (D/G) Results Packages (RPs) #1 and #2 and their Strategic Objective (See Table 1, "Democracy and Governance USAID/Philippines".)

Indicators for RP #1: Effective local government with broad-based participation

1. The number of target LGUs implementing investment plans developed with effective barangay and NGO participation in the Development Council
2. The number of target LGUs implementing environmental plans developed with effective barangay and NGO participation in the LGU's Development Council
3. The number of target LGUs in which the LGU's Pre-qualification, Bids, and Awards Committee is effectively operating with NGO participation
4. The number of target LGUs in which the LGU has a monitoring system with NGO or PO participation and the system produces project implementation status reports that are available to the public
5. The number of target LGUs in which uniform and transparent information regarding resources, expenditures, and operations is widely available in the appropriate language(s) to the citizenry
6. The number of target LGUs in which an efficacious PO and NGO accreditation process has been established
7. Total amount of national revenues allocated to target LGUs
8. Total amount of self-generated revenues collected by target LGUs
9. Total number of target LGUs securing credit from for-profit institutions
10. Total amount of target LGU recurrent expenditures as a percentage of the total amount of LGU revenues expended

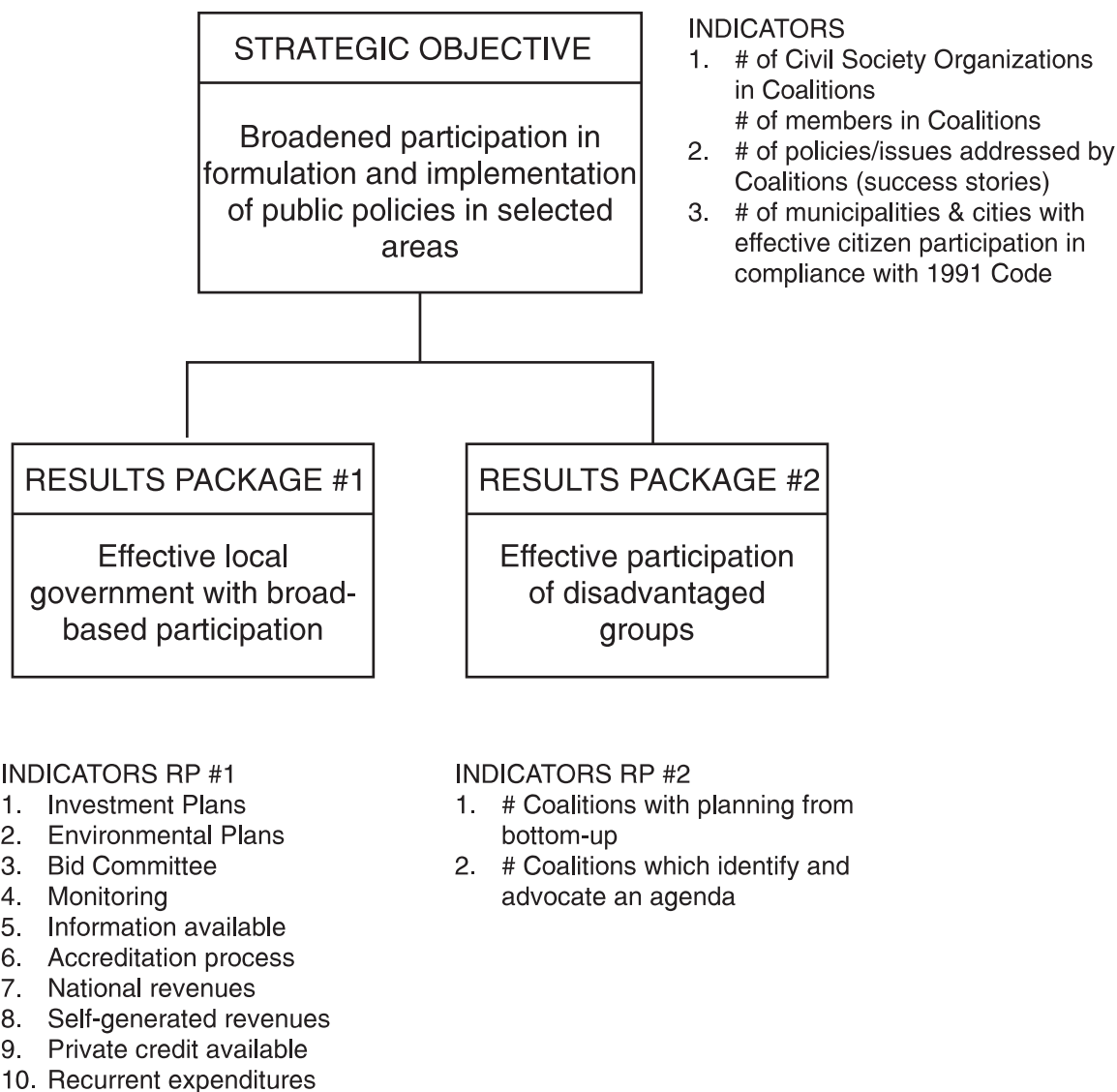
Indicators for RP #2: Effective participation of disadvantaged groups

1. The coalition has capacity to operationalize planning from the grassroots up
2. The number of coalitions that have the capacity to identify and advocate an agenda that reflects consensus within the coalition

Indicators for the Strategic Objective: Broadened participation in formulation and implementation of public policies in selected areas

1. Number of civil society organizations in all the coalitions
2. The number of major issues that are successfully addressed by all of the coalitions for the disadvantaged (communicated in the form of narrative success stories)
3. The number of municipalities and cities in which the citizens are effectively participating in governance as envisaged by the Local Government Code of 1991

Table 1
Democracy and Governance
USAID/Philippines



I. INTRODUCTION

A. Scope of Work

To paraphrase from the Scope of Work (See Annex A) the Team was to:

- review and where appropriate make recommendations for indicators to measure the performance of USAID/Philippines' D/G RPs #1 and #2 and the Strategic Objective;
- make recommendations for indicators, based on the work undertaken by the Team in the Philippines, that may be appropriate for other USAID D/G programs; and,
- present to the "1995 USAID Sponsored Annual Partner's Conference on Coalitions and Civil Society" a methodology for measuring performance of coalition building activities. (See Annex B)

B. Methodology

The process for developing the indicators for the RPs #1 and #2 and the Strategic Objective was essentially concerned with analyzing project documentation which is cited in Annex C and interviewing persons identified in Annex D involved in the design, monitoring, and implementation of USAID/Philippines' D/G portfolio.

As articulated in the key questions identified in the Scope of Work that guided the interviews conducted by the Team, the Team reviewed the civil society and local governance activities in terms of:

- the relevance and appropriateness of the indicators presently being used or proposed to measure progress and performance of the D/G activities supported by USAID/Philippines; and
- progress to date in the achievement of the objectives identified by USAID/Philippines.

C. Report Organization

Chapter I contains a summary description of the nature and parameters of the work undertaken by the MSI Team. Chapter II provides background on USAID/Philippines' D/G program. Chapters III through V contain the Team's recommendations for indicators for RPs #1 and #2 and the Strategic Objective. Chapter VI contains findings and recommendations regarding a USAID/Philippines' management information system (MIS) for its D/G activities. Chapter VII presents suggestions for indicators that may have applications in other parts of the USAID world.

D. Team Composition

F. Richard Gaeta is a Development Planning and Management Information Systems Specialist contracted as a consultant with MSI since 1992. For the past 14 years, he has provided direct technical assistance to numerous national agricultural, trade and development agencies of 16 Latin American and African countries in the design and implementation of computerized monitoring and evaluation systems. Prior to working with MSI, he had been employed by the International Banking Division of Chase Manhattan Bank, the Business Research Division of American Telephone and Telegraph and the Information Sciences and Technology Group of the Inter-American Institute for Cooperation on Agriculture of the Organization of American States. Dr. Gaeta has a B.A. in economics, a M.A. in International Affairs and a Ph.D. in econometrics.

Lawrence C. Heilman has been a Director of MSI since 1989. Previous to this, he served with USAID as a Foreign Service Officer for 20 years planning, implementing, and evaluating development programs in Africa, Asia, and Latin America. His particular interests are in planning and managing rural development projects, nutrition improvement and disaster recovery activities, and measurement issues relating to Democracy and Governance programs and projects. He has a Ph.D. with an emphasis on Latin American institutional history. Dr. Heilman was the Team Leader.

E. Acknowledgements

The Team wishes to thank members of the USAID Mission to the Philippines, the many grantees and cooperators funded by USAID/Philippines, and the multitude of Philippine citizens in the public and private sectors that contributed to the rich dialogue that characterized the process in which the Team was engaged. Doors were always open and conversations both formal and informal were frank and candid, allowing for an honest exploration of the basic issues explicit in developing recommendations for a monitoring system for USAID/Philippines' Democracy and Governance portfolio.

The opportunity to actively participate in the "Annual Partner's Conference on Coalitions and Civil Society" as a friend and partner was of extreme value in terms of understanding the scope of the work being performed by the Philippines in building a civil society. The USAID Mission and its partners were always generous in their hospitality, easing the weight of the more contentious issues concerned with striving for agreement on a monitoring system for phenomena as complex and profound as promoting the strengthening of democracy and governance.

II. BACKGROUND

At the core of the development path that Filipino leadership has chosen to pursue is a reform agenda that stresses the empowerment of the Filipino people. USAID/Philippines' document "Partnership for Democracy and Development, Country Program Strategy for the Philippines, 1995" presents a strategic framework in which to execute their D/G portfolio in support of the Philippines' reform agenda. A theme that cuts across USAID/Philippines' program is the concern to promote local responsibility. It is in the context of USAID/Philippines' D/G Strategic Objective -- broadened participation in formulation and implementation of public policies in selected areas -- that activities are being supported by USAID/Philippines promoting devolution of governance to provinces, cities, and municipalities and building coalitions for disadvantaged groups.

The three RPs supporting the D/G Strategic Objective are:

- RP #1: Effective local government with broad-based participation with a system of replication
- RP #2: Effective participation of disadvantaged groups
- RP #3: Philippine Democracy Agenda

At this juncture, resources have been allocated for RP #1 and RP #2, but no resources have been identified for RP #3. Indicators have been identified for each of the RPs and the Strategic Objective. However, baselines have yet to be established nor has any indicator data been collected and analyzed for RP #1 and RP #2.

For Performance Indicators at the Strategic Objective level, baselines have been established for the two public opinion indicators designed to assess opinion at the national level regarding whether:

- people believe that institutions are responsive; and
- people believe they are able to participate in the decision making process.

The MSI Team was tasked with reviewing the appropriateness of the indicators selected for the Strategic Objective, RP #1, and RP #2. In reviewing the appropriateness of these indicators particularly at the Strategic Objective level, it is important to bear in mind that the clients also include USAID/Washington and the U.S. Congress. This is not to say that field Strategic Objective and RP managers will not be interested in this performance information, for this same information should be the essence of their monitoring and evaluation system.

III. RESULTS PACKAGE NO. 1: Effective Local Government with Broad-based Participation

A. Discussion of the Objective

The objective of Results Package (RP) #1 "effective local government with broad-based participation" reasonably reflects what can be realistically achieved in the target provinces, cities, and municipalities as a result of inputs provided by USAID/Philippines' Governance and Local Democracy (GOLD) Project and the complementary resources of its partners. Though the ultimate objective of the GOLD Project is to replicate the results achieved in selected LGUs (local government units) in LGUs throughout the Philippines, it is recommended that the phrase "a system of replication" be dropped from the objective of RP #1. A major part of the successful replication will necessarily take place after the GOLD Project is terminated.

USAID/Philippines will want to monitor the pace of replication, particularly as promoted by the Leagues of Municipalities, Cities, and Provinces. However, success in achieving replication will have to be finally determined by an end-of-project evaluation and subsequent evaluations. If the results are positive, they certainly will be reported in the form of a "success story" for USAID/W consumption and dissemination. A point to be remembered is that though a model for replication will be developed as the GOLD Project progresses, the target is to work in 150 to 170 municipalities out of 1,530 municipalities and 8 to 10 cities out of a total of 77 cities. Realistically, this process of replication will extend into the 21st century. In the meantime, there should be an important "success story" to tell in terms of the progress made in the targeted municipalities and cities.

USAID/Philippines, under the Governance and Local Democracy (GOLD) Project, is providing support to the decentralization reforms of the Government of the Philippines (GOP). Decentralization is defined as the transfer of resources, authority, and capability from the national to local government levels. The GOLD activities strengthen the efforts initiated in 1988 under the Local Development Assistance Program (LDAP) initiatives which were designed to establish a foundation for economic and social development by encouraging policy reforms that increase autonomy and improve performance of LGUs as a strategy for sustaining growth and development.

The approval of the Local Government Code of 1991 (1991 Code), Republic Act No. 7160, signaled an important shift in national policy regarding how the LGU relates to National Government on development issues and the financing of said development. It has been widely recognized in the Philippines that there is a need for LGUs to access increased financial resources, as well as to identify and prioritize development initiatives based on a bottom-up citizen consultation process as measured by active barangay, peoples organizations (PO) and non governmental organizations (NGO) participation in local governance.

In Section B, immediately below, indicators 1 through 6 are recommended for monitoring and reporting the nature and degree of participation in the formulation and implementation of activities designed to strengthen LGUs. Indicators 7 through 10 are recommended to be used to

monitor and report the efficiency of LGU fiscal administration and the ability of LGUs to generate their own sources of revenue and are discussed in Section C below.

B. Participation Indicators for Results Package #1

1. The number of target LGUs implementing investment plans developed with effective barangay and NGO participation in the Development Council

Discussion: The 1991 Code states that Development Councils shall be created in each municipality and city with representation of each barangay and 25% NGO representation. It further states that an investment plan be developed by the Development Council before it goes to the Sanggunian (legislative body) to be approved and subsequently implemented by the Mayor. The investment plan that is implemented should reflect meaningful participation of citizens as seen in the deliberations of the barangay captains and the NGOs in the Development Council.

To determine if the Development Council with regards to the investment plan is in fact operating with barangay and NGO participation, the contractor will have to develop criteria for evaluating the quality of participation on the part of barangay and NGO leadership. To assess the nature and degree of participation, an annual survey instrument will have to be executed by an appropriate entity in the target LGUs that will be analyzed by the contractor.

2. The number of target LGUs implementing environmental plans developed with effective barangay and NGO participation in the LGU's Development Council

Discussion: The 1991 Code states that Development Councils shall be created for municipalities and cities with representation of each barangay in the city or municipality and 25% NGO representation on that Council. It is assumed that if an environmental plan is developed, it will be developed in the Development Council or with the Development Council's review before it goes to the Sanggunian to be approved and subsequently implemented by the Mayor.

The existence of an environmental plan being implemented with barangay and NGO input at the planning stage is an indication of the seriousness that the city or municipality give to allocating resources for the protection of their environment. The implementation of the environmental plan, that was developed in the context of the Development Council, may also be an expression of meaningful participation of citizens in the process as seen in the deliberations of the barangay captains and the NGOs.

To determine if the Development Council, with regards to the environmental plan, is in fact operating with barangay and NGO participation, an annual survey instrument will have to be executed by an appropriate entity in the target LGUs that will be analyzed by the contractor.

3. The number of target LGUs in which the LGU's Pre-qualification, Bids, and Awards Committee is effectively operating with NGO participation

Discussion: The 1991 Code states that the Pre-qualification, Bids, and Awards Committee (PBAC) should be established with NGO representation. The fact that this committee is operating effectively and with NGO membership is an expression of good governance and meaningful citizen participation in the project implementation process.

To determine if PBAC is in fact operating with NGO participation, an annual survey instrument will have to be executed by an appropriate entity in the target LGUs that will be analyzed by the contractor.

4. The number of target LGUs in which the LGU has a monitoring system with NGO or PO participation and the system produces project implementation status reports that are available to the public

Discussion: In the context of LGU strengthening, the government leadership has the responsibility to monitor public activity, especially that activity that involves the expenditure of public funds. Citizens should be a party to the monitoring process. The "Regional Project Monitoring and Evaluation System (RPMES) - Operations Manual" was issued in 1994 by the National Economic Authority to prescribe the general procedures and guidelines in the organization and operationalization of monitoring guidelines as directed by Executive Order No. 93, dated June 1, 1993. It is mandatory that a PO or NGO representative be present on the municipal and city Project Monitoring Committee.

To determine if the LGU is meeting its responsibilities, the contractor will have to assess 1) the type of monitoring system developed for the LGU, 2) the role played by the NGO representative in the monitoring system, and 3) how information regarding status of project implementation is disseminated. To make this determination, an annual survey instrument will have to be executed by an appropriate entity in the target LGUs that will be analyzed by the contractor.

5. The number of target LGUs in which uniform and transparent information regarding resources, expenditures, and operations is widely available in the appropriate language(s) to the citizenry

Discussion: An important characteristic of effective local government with citizen participation is the availability of information to the citizenry. To promote transparency of LGU operations it is absolutely critical that the citizenry have access to information on LGU resources, expenditures, and operations. The Rules and Regulations Implementing the Local Government Code of 1991 states that the mayors of cities and municipalities have the option to appoint an Information Officer (IO).

If the IO exists at the city and municipality level, she/he will be charged with the responsibility of providing "relevant, adequate, and timely information to the LGU and residents." Additionally, each IO will have the responsibility to "develop plans and

strategies on programs and projects related to public information and implement them in a timely fashion". Even if the mayor does not create this position, it is implicit that the function of providing "relevant, adequate, and timely information to the LGU and residents" is one that should be promoted by LGU leadership.

To determine if the LGU is meeting its responsibilities, the contractor will have to assess if information regarding resources, expenditures, and operation is available on a timely basis. To obtain the data necessary for making this determination, an annual survey instrument will have to be executed by an appropriate entity in the target LGUs that will be analyzed by the contractor.

6. The number of target LGUs in which an efficacious PO and NGO accreditation process has been established

Discussion: To strengthen citizen participation in LGUs, the 1991 Code identified POs and NGOs to become active partners in the pursuit of local autonomy. NGOs and POs that are to play a meaningful role in LGU's committees must first be accredited by the LGU. To ensure appropriate PO and NGO representation, POs and NGOs must pass through an accreditation process that is implemented by the chief executive of the LGU. This must be an efficacious process if the citizens are to be effectively represented.

To determine if the accreditation process is an efficacious one, standard criteria will have to be established. A determination will have to be made in order to learn if the LGU accreditation process is being effectively implemented. To make this determination, an annual survey instrument will have to be executed by an appropriate entity in the target LGUs that will be analyzed by the contractor.

Indicator Data Development for Participation Indicators #1 through #6: It is recommended that after target cities and municipalities have been identified, a baseline should be established for each city and municipality. An institutional profile with a focus on the degree and nature of citizen and NGO participation in the governance process will have to be undertaken. Progress would be gauged against this profile. After the baseline data has been gathered and analyzed, targets will have to be established. Once a year, data will have to be gathered to determine the status of the activities measured by indicators #1 through #6. Obtaining this data could be accomplished using the Rapid Field Appraisal methodology. Presently, USAID/Philippines is studying the possibility of developing a Philippine Civic Index which could be the instrument for executing institutional profiles and updating the status of the implementation of the 1991 Code in target LGUs.

C. Financial Indicators for Results Package #1

The approval of the 1991 Code represents a fundamental change in national policy regarding intergovernmental relations and civil participation in local governance. The 1991 Code promotes LGUs to increase own-source financial resources as a fundamental development strategy by which LGUs may reduce their past overwhelming reliance on central government

financing and policy directives. Chapter 1, Title One, Book II of the 1991 Code discusses the general provisions of local government taxation and fiscal matters regarding the scope, fundamental principles, and sources of revenue that govern the taxing and other revenue-raising powers of local government units. The supposition is that increased financial self-reliance will lead to increased autonomy of local government in policy formulation and implementation, particularly as this may relate to creating and promoting opportunities for private sector growth, and thereby facilitate the improvement of local government performance in its pursuit of a better quality of community life for its citizenry.

7. Total amount of national revenues allocated to target LGUs

Discussion: The 1991 Code changed many of the laws and regulations governing national-local government relationships, devolving many of the functions and responsibilities previously undertaken by the central government to the LGUs. The transfer of responsibilities was accompanied by significant increases in the share of national revenues allocated to the LGUs. Book II, Title Three, Chapter 1 of the 1991 Code specifies the shares of the collection of national internal revenue allotments (IRA) to LGUs. The 1995 proceeds of national taxes is 40%. These proceeds, however, include the cost of devolved functions for essential public services. The share of the 40% allotment is transferred to the LGU according to a sliding percentage which varies according to provincial, city, municipal, and barangays jurisdictional distinctions. Book II, Title Three, Chapter 2 notes that, in addition to the IRA, the LGUs also receive a 40% share of the gross collection derived by the national government from the preceding fiscal year from the mining taxes, royalties, forestry, and fishery charges and such other taxes, fees, including related surcharges, interests, or fines. The proceeds from both the IRA and national wealth are to be directly remitted to the provincial, city, municipal, or barangay treasurer within five days after the end of each quarter.

As a result of this legislation, provinces have exhibited an extraordinary increase in the 1991-1994 IRA allotments that range from a low of 283% to a high of 966%. Although the IRA allotments include the cost of devolved functions for essential public services, and as such the percentage increases mask the cost of the public services devolved, it can be argued that increased revenue allocations should lead to increased financial self-reliance which in turn should provide for increased autonomy of local government in development policy formulation and implementation, particularly as this may relate to creating and promoting opportunities for private sector growth.

8. Total amount of self-generated revenues collected by target LGUs

Discussion: Book II, Title One, Chapter 1 of the 1991 Code states the general provisions and powers of the local government to create its own sources of revenue and to levy taxes, fees, charges and/or other pecuniary liabilities. Such self-generated sources of revenues are grouped into three basic categories; 1) tax revenue derived from real property taxes, taxes on goods and services and incidental taxes; 2) non-tax revenue generated from business fees and licenses; and 3) LGU earnings from government business operations. Refer to "Developing a Data Base on Key Indicators of Local

Governance: League of Cities of the Philippines" prepared by Asia Business Consultants, Inc. for an exhaustive itemization of the sources of the aforementioned self-generated tax, non-tax, and earnings revenues.

As a result of the 1991 Code, the LGU has broadened powers to introduce new taxes, introduce changes in the existing tax schedule and utilize alternative financial instruments in the mobilization of resources. Because self-generated revenues supplement national allocations, they contribute to increased financial self-reliance.

9. Total number of target LGUs securing credit from for-profit institutions

Discussion: Prior to the passage of the 1991 Code, the GOP employed a top-down approach to development despite central leadership's relative inability to properly assess unique requirements of LGUs. The concentration of central government budget resources allocated to national agencies enforced this top-down orientation. It naturally followed that, with finances being centralized, development had proceeded on a centralized planning and implementation basis. The need to increase access of LGUs to resources was recognized as early as July 1975, whereby Presidential Decree 752, also called the Decree on Credit Financing for Local Governments, authorized LGUs to enter into credit financing. However, prior to 1991, credit financing for development projects within the planning and implementation powers of the LGUs was nevertheless subject to the discretion of the central government.

According to Information Paper No. 1, entitled "Local Government Credit Finance and Municipalities, Cities and Provinces", prepared by Associates in Rural Development (ARD), the past record of LGU credit usages under PD752 shows that over-control and regulation by central authorities drive out or minimize any chances at developing a strong, fiscally viable and mutually profitable market where LGUs, banks, and investors can interact. The article continues to highlight the distinct advantages associated with credit financing, the most notable of which include: 1) LGUs can exercise increased financial flexibility by not having to forego economic opportunities associated with delays implicit in having to accrue savings prior to expending funds; 2) they can develop high quality investments with reliable yields; 3) they can engage in early cost recovery types of projects and thereby accelerate LGU service delivery; 4) borrowing in order to support revenue-generating activities tend to discourage high levels of government consumption expenditures; 5) due to issues of LGU credit worthiness, access to private loans and investor markets permit only the most viable undertakings to be financed; and 6) private loan and investor markets offer potentially large revenue sources as compared to what might otherwise be available through central government operated forms of subsidized credit.

Accordingly, by entering into a private sector credit enabling environment, as measured by increased use of credit financing, it is argued that LGUs demonstrate 1) increased fiscal responsibility; e.g., credit worthiness, and 2) improved fiscal administration; e.g., financing for early service delivery and/or developing high quality investments with reliable yields.

10. Total amount of target LGU recurrent expenditures as a percentage of the total amount of LGU revenues expended

Discussion: This indicator is a measure of the efficiency of target LGU fiscal administration as determined by the percent of total revenues being utilized to finance recurring costs which constrain operational funds available to the LGU for the implementation of investment, development, and service delivery activities. The most notable recurring cost is debt servicing. Debt servicing represents a serious opportunity cost to the development process in that it obliges local authorities to forego alternative development opportunities due to a restriction of funds, weakens LGU credit-worthiness, and impedes access to future credit financing by relegating the LGU to a high-risk loan category. The larger the percentage, or ratio, of total recurrent expenditures to total revenues, the more inefficient is LGU fiscal administration. Historically, personnel salaries and benefits are another formidable public-sector recurring cost. Project Managers should disaggregate this indicator by type of recurring cost; e.g., debt servicing, personnel salaries, personnel benefits, and costs of tax collection.

Indicator Data Development for Financial Indicators #7 through #10:

- **Unit of Measurement:** Total revenues is equal to the sum of 1) national government transfers; i.e., national IRA installments and proceeds from national wealth, 2) own-source self-generated local revenue sources, and 3) for-profit credit, expressed in constant Philippine Pesos with constant US Dollar equivalents within one annual fiscal reporting period.
- **Data Source:** Primary individualized budget and accounting data can be obtained from participating city and municipal budgets, and accounting and treasury offices, and should be issued by corresponding financial officers. Best-source secondary financial data can be obtained from the following national agencies: 1) Bureau of Local Government Finance of the Department of Finance, 2) The Department of Budget Management, and 3) The Commission on Audit.
- **Method of Data Collection:** Participating LGUs should utilize a uniform and standardized financial data collection survey instrument which captures data in its most detailed or disaggregated value according to subject or individual expense account codes in compliance with the coding formats of account allocations and expenditures stipulated in the National Accounting and Audit Manual of the National Commission of Audit. The utilization of this coding system will ensure that all LGUs report financial data with a single definition and in a common manner in order to ensure the integrity and precision of project financial information.
- **Frequency of Data Collection:** It is recommended that quarterly financial data be collected on a semi-annual basis; two weeks subsequent to the closing of the semester in order to coincide with automatic release of national government transfers due within five days subsequent to the closing of each quarter.

Additionally, a semi-annual reporting format will coincide with semi-annual progress updates required by USAID as stipulated in the "Implementing Guidelines of PVO/Corporate Co-Financing Program."

It should be noted that apart from procedural considerations, semi-annual reporting will not only facilitate project personnel by systematically updating consolidated financial data bases in a relatively timely manner, but also such a management requirement will provide LGU financial, planning and operations personnel with a management tool for tracking 1) the actual, as opposed to obligated, transfer date and amount of Internal Resource Allotments from the National Treasury to the LGU, 2) the actual versus projected property, business and amusement taxes and fees collected year-to-date, and 3) the amount of revenues derived from other public or private sources of local financial resource mobilization agreements or instruments such as loans from private sector or government funds, NGO counterpart partnership funding, Build-Operate-Transfer, bonds, etc.

- **Baseline Data:** 1994 allocations and expenditures financial data series of participating LGUs according to the coding of individual expense accounts in compliance with the National Accounting and Audit Manual of the National Commission of Audit.
- **Institutions Responsible for Data Collection:** The respective Budget Office and Accounting and Treasury Office of the 30 selected LGU cities and 150 selected LGU municipal governments of the GOLD project.
- **Data Consolidation:** Upon completing the financial survey data collection form, all participating LGUs will forward said information to the GOLD Project Performance Measurement Group of ARD whereupon the data will be entered into a consolidated financial database, and developed and maintained in conjunction with the technical support of the USAID Data Management Division.
- **Analysis and Reporting:** Because revenue data is collected on an individualized participating city and municipality government level, and it is entered into a project financial data base according to individual expense account formats as stipulated by the National Accounting and Audit Manual, it is possible to aggregate the primary data, utilizing a hierarchical coding system; e.g., national government location code that will permit data analysis according to geographical and jurisdictional criteria. Standardized periodic consolidated reports could be generated by USAID/Philippines' personnel and remitted to the field to all participating LGUs for analysis and discussion. Example financial status reports might include analyses across municipalities or the subtotaling of participating municipalities compared to the subtotaling of participating cities for cross-jurisdictional analyses, or the subtotaling of jurisdictions according to provincial or regional categorizations, or any/all of the aforementioned analyzed on a time-series basis over the life of the project. Time series data is of particular relevance

as it provides not only valuable insights into seasonalities of the data but also project performance over the life of the project.

D. Critical Indicators Below the Results Package #1 Level

Additional indicators were identified that should be tracked but not necessarily reported for RP #1. They include:

1. Total amount of target LGU non-recurrent spending revenues expended on educational and basic health service delivery

Discussion: The essence of the 1991 Code is the transfer of development initiatives and the decentralization of key government services from the national government to the LGUs. It is suggested that tracking revenues expended on education and basic health service delivery is a useful proxy indicator by which to measure the responsiveness of LGU to basic community needs. However, personnel costs are often the highest-value line items. Because the devolution of key government services, such as health, required that the LGUs assume the burden of costs that these services convey, it is necessary to factor out the value of recurring costs; e.g., salaries, in order to measure real as opposed to over-stated increases in resources expended in said service delivery when analyzing time-series budgetary and accounting information. Therefore, when factoring out recurring costs, real net increases in revenues expended on education and basic health services represent real net increases in community service delivery which can be reasonably associated with more responsive LGU performance in addressing basic community needs.

2. Total amount of credit finance secured by target LGUs from for-profit institutions

Discussion: Refer to the discussions of indicators #8 and #9 for this indicator.

3. The number of leagues that are strengthened

Discussion: The activities designed to strengthened the Provincial, City, and Municipal Leagues are critical to the ultimate achievement of RP #1. The Leagues are the institutions in which the LGU problem is identified, the agenda for training is formulated, and technical assistance is implemented through an iterative training process involving the stakeholders. As such, the Leagues play a paramount role in formulating and advocating policy and changes in practices which promote more effective LGU governance. It is the Leagues that will play the pivotal role in the replication process which must go forward if RP #1 is to be successful. An indicator capturing the effectiveness of the Leagues was not elevated to RP #1 level because such an indicator would not directly describe progress of cities or municipalities. The contractor will have to develop a set of progress indicators to monitor League performance.

IV. RESULTS PACKAGE #2: Effective Participation of Disadvantaged Groups

A. Discussion of the Objective

Resources being allocated by USAID/Philippines match the objective of Results Package (RP) #2 "effective participation of disadvantaged groups." It is anticipated that ten separate activities will be supported or are presently being supported in pursuit of this objective. Three coalitions are in their early stages of implementation, and the Trade Union Congress of the Philippines is fully operational. The four coalitions representing distinct constituencies of the disadvantaged include:

1. **Fisherfolk Advocacy for Sustainable Aquatic Reform:** The Philippines has a total marine area of more than 1.5 million square kilometers, of which 266,000 square kilometers are coastal waters; equivalent to approximately three times the total land mass area. It is the world's twelfth largest fish producer and ranks among the highest in aquaculture and tuna production. An estimated eight million Filipinos are dependent either directly or indirectly on the industry. Over one million artisan fisherfolk are employed by the sector.

During the 1970's, with the passage of Presidential Decree 704, fisheries management was centralized and shifted the focus from coastal fisheries to commercial production. Aside from competition from large-scale operators, artisan fisherfolk face major threats of irreversible ecological damage to their main source of livelihood. Dynamite fishing, siltation and pollution from denuded forests, agricultural run-off, and domestic and industrial wastes continue to destroy the coral reefs, sea grasses, and estuaries which are vital to the life support systems of the coastal zone.

The Nationwide Coalition of Fisherfolks for Aquatic Reform, established in January of 1990, seeks to more effectively represent the rights and protect the welfare of artisan fisherfolk, improve the socio-economic condition of its 600,000 constituents, and promote the conservation, management, and sustainable development of fishery and aquatic resources at the national, regional, and local public policy levels.

2. **Enhancing Peoples Initiatives and Capabilities for Housing and Urban Development:** According to the 1990 census, the national population is estimated to be 60.5 million. Ten percent (6.05 million) of the total population, and 25 percent of the nationwide urban population, are classified as urban poor. Studies have revealed that an estimated 830,000 urban poor families live in slums and squatter colonies in major cities and towns. Of this number, approximately 90 percent are squatting on government and/or privately owned property. For example, Metro Manila contains 591 slums which house an estimated 3 million people. Seventy-five percent of Manila's total population live below the official poverty level.

Although government has passed The Urban Development and Housing Act of 1992 and the Comprehensive and Integrated Shelter Act of 1994, the courts, local governments, private landowners, and real estate developers continue to evict and demolish urban poor squatter communities.

The purpose of the project is to consolidate and empower urban poor people's organizations for effective participation in the formulation and implementation of public policies and programs that will improve their access to land, housing, and basic social services.

- 3. Advancing Participation of Upland Indigenous Peoples in Philippine Democratic Process:** The geographic and cultural isolation of Upland Indigenous Peoples have marginalized these populations from participation in 20th century political and economic development. Ironically, while geographic isolation offers some protection to their traditional cultural socio-political structures, the same isolation has deprived them of representative participation in and benefit from the democratization and economic growth of mainstream Philippine society.

The purpose of this project is to redress the rights, grievances, and development priorities of the under-represented marginalized indigenous peoples in providing for a transition from ancestral socio-political structures, values, and systems to those of mainstream society in a manner which broadens the participation of the upland communities in democratic processes and increases the opportunities and access of these peoples to sustainable economic development.

- 4. The Trade Union Congress of the Philippines (TUCP):** The Asian-American Free Labor Institute (AAFLI) with USAID funds supports the TUCP in their role of leading one of the largest, representative, mass-based non government organizations in the country. The TUCP pursues multi-sectoral discussions on a number of national policy issues including constitutional and labor law reform that impact on disadvantaged groups including child laborers.

B. Indicators for Results Package #2

- 1. The coalition has the capacity to operationalize planning from the grassroots up**

Discussion: A critical dimension of an effective coalition is the coalition's ability to effectively involve the base population in the process of problem identification, agenda building, and advocacy. If the problems being addressed do not reflect the concerns of the membership and if the membership does not play a major role in the articulation of their concerns, success of the coalition will be jeopardized. Standard criteria will have to be established against which to test if each coalition in fact has a base membership that is significantly involved in the development of the agenda that the coalition is to eventually advocate.

2. The number of coalitions that have the capacity to identify and advocate an agenda that reflects consensus within the coalition

Discussion: The heart of a successful coalition is its ability to identify and advocate an agenda. Each coalition that USAID/Philippine supports must establish this capacity. Standard criteria will have to be established against which to test if each coalition has established this capability.

The indicator will be expressed in terms of the number of coalitions that have the capacity to identify and advocate a agenda that reflects consensus within the coalition. For example, "3 coalitions have the capacity to identify and advocate a agenda that reflects consensus within the coalition."

C. Other Indicators to Be Monitored

A number of factors will have to be tracked below the RP level to determine if the coalition has the capacity to perform its functions. These factors include:

1. The coalition has a research capacity as a basis for developing empirically-based issues to be advocated by the coalition.
2. The coalition has the capacity to train leaders and members to identify issues and perform advocacy functions at all levels of the coalition.
3. The coalition has the capacity to operationalize planning from the grassroots up.
4. The coalition has the capacity to identify an agenda that reflects consensus within the coalition.
5. The coalition has the capacity to advocate an agenda that reflects consensus within the coalition.
6. The coalition is transparent in the manner in which it manages its financial affairs.
7. The coalition addresses gender issues.
8. The coalition operates at the level critical to fulfilling its mandate, be that at the grassroots, regional, or national levels.
9. The coalition has the ability to identify and work with other institutions that share and are willing to advocate the coalition's agenda.

Indicators #3, #4, and #5 are elevated to the RP level to be reported to USAID/W because they represent the best proxies for indicating that the coalition has the capacity to achieve the objectives of the coalition.

V. PERFORMANCE INDICATORS FOR THE STRATEGIC OBJECTIVE: Broadened Participation in the Formulation and Implementation of Public Policies in Selected Areas

A. Discussion of the Strategic Objective

To capture performance of the Strategic Objective, USAID/Philippines is planning to use the following public opinion indicators:

- People believe that institutions are responsive.
- People believe they are able to participate in the decision making process.

At this juncture, baselines have been established for each of these indicators. USAID/Philippines anticipates repeating this exercise in the future to determine if there are changes in attitudes of the population. If the polls have been administered correctly, the data could be used to assist in determining the nature of the problem regarding democracy and governance as perceived by the population polled. However, its utility is questionable in terms of the polling data being used to measure the impact of USAID/Philippines' activities promoted in RPs #1 and #2 on the Strategic Objective.

B. Indicators for the Strategic Objective

1. Number of civil society organizations (CSO) in all the coalitions

Discussion: The three coalitions that are just getting underway are in the initial stages of preparing baselines. Consequently, it is difficult to recommend indicators dealing with the scope of operations of the coalitions and their potential impact when the coalitions are just beginning to identify their organization, membership, and mode of operation. Therefore, as a part of the process of identifying and finalizing indicators for coalition activities, it is recommended that each coalition:

- identify the number of CSOs presently in the coalition;
- estimate the number of CSOs to be developed for the coalition;
- estimate the present membership of each CSO; and
- estimate the potential membership of each CSO to be developed.

Membership criteria should be developed for each coalition. In reality it will be the people in the particular CSO that will decide what constitutes membership to their particular CSO. To be a member of a fisherfolk CSO, the criterion for membership may be that the member must pay dues. For an indigenous peoples CSO, membership may be based on being recognized as belonging to a particular ethnic group.

Criteria for being identified as a CSO that is part of the coalition should include:

- The CSO has the capacity to articulate its objectives.
- The CSO is involved in identifying the agenda of the coalition.
- The CSO is involved in advocating its issues in concert with the coalition.

If CSOs are to be identified using the suggested criteria, the coalitions need to be informed of this decision. Coalitions will have to develop this data and report it to USAID/Philippines semi-annually. If USAID/Philippines decides to count CSOs, it will be responsible for aggregating the number of CSOs for all the coalitions. Based on the baseline established for each coalition, targets will have to be identified for the life of the grant activity.

2. The number of major issues/policies that are successfully addressed by all of the coalitions for the disadvantaged

Discussion: To be counted, the coalition must have contributed to the action that successfully promoted policy changes. Addressing the issue/policy must have resulted in improving political status/access. This improvement in political access and/or status could result in a number of instances in the social and/or economic well being of a significant number of members of the coalition being addressed. Each coalition will be expected to report success stories to USAID/Philippines semi-annually. USAID/Philippines should be able to receive from each coalition two success stories each year.

3. The number of municipalities and cities in which the citizens are effectively participating in governance as envisaged by the Local Government Code of 1991

Discussion: If the Code of 1991 has been successfully implemented in the municipalities and cities with regards to the participation dimensions of the code, citizens in these LGUs will be the beneficiaries of the policies regarding effective participation. These same citizens will be playing a larger role in the design and promotion of policies at the grassroots.

To determine if the 1991 Code has been effectively implemented regarding the devolution of responsibilities to LGUs and the broadening of the role of the citizens in the form of a role for POs and NGOs, a matrix of indicators should be developed from the indicators listed below. These indicators would form the basis for the criteria against which to determine if the 1991 Code has been effectively implemented. The data that could be developed for the Philippine Civic Index by ARD to take D/G snapshots of the targeted municipalities and cities could also be the baseline and the criteria by which to determine if the citizens in targeted LGUs are effectively participating in governance as envisaged by the 1991 Code.

It is recommended that the following indicators be reviewed when constructing a matrix:

1. The number of target LGUs implementing investment plans developed with effective barangay and NGO participation in the Development Council
2. The number of target LGUs implementing environmental plans developed with effective barangay and NGO participation in the LGU's Development Council
3. The number of target LGUs in which the LGU's Pre-qualification, Bids, and Awards Committee is effectively operating with NGO participation
4. The number of target LGUs in which the LGU has a monitoring system with NGO or PO participation and the system produces project implementation status reports that are available to the public
5. The number of target LGUs in which uniform and transparent information regarding resources, expenditures, and operations is widely available in the appropriate language(s) to the citizenry
6. The number of target LGUs in which an efficacious PO and NGO accreditation process has been established
7. Total amount of national revenues allocated to target LGUs
8. Total amount of self-generated revenues collected by target LGUs
9. Total number of target LGUs securing credit from for-profit institutions
10. Total amount of target LGU recurrent expenditures as a percentage of the total amount of LGU revenues expended
11. Total amount of target LGU non-recurrent spending revenues expended on educational and basic health service delivery
12. Total amount of credit finance secured by target LGUs from for-profit institutions

If polling for citizen attitudes regarding democracy and governance is accomplished, it is recommended that it take place in targeted municipalities and/or cities as a part of the Philippine Civic Index. Polling for perceptions in target LGUs is one more snapshot or indicator that can provide valuable insights within a multi-faceted matrix concerned with measuring performance from a number of different perspectives.

VI. MANAGEMENT INFORMATION SYSTEM REQUIREMENTS

A. Management Information Systems

It is generally recognized that management information systems (MIS) provide cost-effective solutions to information management problems and enhance the planning, control, operations, and management capacities of project personnel. MIS is a valuable tool for the recording, storage, retrieval, processing, and reporting of the management-related information needed for making timely and informed decisions. Three fundamental advantages of management information systems include:

- **Improved Information Storage, Processing and Analysis:** A distinct advantage of automated information processing over manual systems is that data is stored on a magnetic medium rather than on paper. Once magnetically stored, data exists as structured electronic elements that are easily and immediately manipulatable, in contrast to written records which are fixed in time and format. This fundamental change is facilitated by software that combines ease of use with powerful processing capabilities.
- **Improved Efficiency in Information Flow and Access:** In many institutions a major problem is not so much the lack of information, but the lack of information that is in a readily usable form and within the time frame when the information is relevant to the planning and decision making exercise.
- **Improved Resources for Policy and Management Decision-Making:** The primary benefit of management information systems is that they facilitate the transformation of data into a highly valuable resource; i.e., accurate, timely, and relevant information for policy and management decision making.

B. Managing for Results and Performance Measurement

Monitoring and evaluation activities are not optional in the USAID results-based operating system. They are required. A “managing for results” methodology obliges project managers to identify objectives, performance indicators, baselines, and targets. They are fundamental components and guiding principles of the USAID Operation Results Tracking System.

A performance indicator is defined as a quantitative or qualitative dimension or scale by which to measure results or progress toward the achievement of an intended result in the stated objective. In essence, a performance indicator is a dimension of the objective. In an important sense, the selection of particular performance indicators clarifies what is meant by a result by more explicitly defining what will change. Performance indicators should be chosen because they provide valid, useful, practical, and to the extent feasible, comparable measures of progress in achieving expected results as a basis for decision making. A performance indicator should be direct, unidimensional, disaggregated, verifiable, adequate, quantitative where possible but qualitative when necessary, reliable, timely, cost-effective, and relevant to the decision-making process.

Baselines are the values of the performance indicators at the commencement of the planning period whereas performance targets are predefined values of the amount of change to be achieved in a given time frame. Baselines and targets enable decision makers to track progress being made throughout the planning period towards a specific objective.

C. Monitoring and Evaluation Activities

A review of the budget reveals that significant financial resources have been obligated to monitoring and evaluation activities. Specifically, the total obligated funds for the monitoring and evaluation activities of Results Packages #s 1 and 2 is equivalent to \$1,723,699 US; approximately 8.5% of the total USAID obligated funds for the life of these activities which vary between two and five years.

Individual obligated monitoring and evaluation budget totals discriminated by results package activities include:

- \$1,500,000 US from 09/94 to 09/99 for the Governance and Local Democracy Project (Project No. 492-0471).
- \$77,400 US from 08/95 to 08/97 for the Fisherfolk Advocacy Project (Grant No. AID 492-0470-G-SS-5125-00).
- \$111,700 US from 08/95 to 08/98 for the Housing and Urban Development Project (Grant No. AID 492-0470-G-SS-5128-00).
- \$47,899 US from 08/95-08/98 for the Participation of Upland Indigenous Peoples Project (Grant No. AID 492-0470-G-SS-5131-00).

D. Organizational Considerations

From a systems point of view, the information environment of the planned D/G activities of the Office of Governance and Participation (OGP) is highly decentralized. This is due to multiple contractor/grantees and the inordinantly large number and geographic distribution of participating local government units, civil society organizations, and constituent groups. Timely consolidation and effective coordination of the overall data collection, analysis, and reporting activities for the GOLD Project and Coalition Grantees poses a formidable challenge to management. Equally challenging is the sheer volume, variety, and complexity of quantitative and qualitative information required to establish baselines and track targets on participation, perception, and financial data series throughout the life of the projects.

In highly decentralized systems, operations are characterized by a dispersion of computer equipment throughout the institution(s) or project(s) used by non-professionals for a wide range of applications. Often there is little coordination of computing activities and a lack of standardization of either hardware or software. There may be little or no attempts to impose common software or to maintain a common data archive. Each user is responsible for his or her own computing. The major disadvantage of the decentralized approach is that computing

becomes an individual activity. Generally, no Agency-wide files are maintained and sharing organizational information may be difficult.

The RP #1 contractor and RP #2 grantees assume varying degrees of responsibility to OGP for the data collection, consolidation, analysis, reporting, dissemination, and evaluation activities of the democracy and governance activities. The organizations involved include: 1) ARD for the GOLD Project, 2) Agricultural Cooperation for Development International for the Fisherfolk Advocacy activities, 3) Mondragon Foundation, Inc. for the Housing and Urban Development activities, and 4) Philippine Business for Social Progress for Upland Indigenous Peoples activities.

Unlike the grantees, ARD will assume primary responsibility for the data collection, consolidation, analysis, reporting, dissemination, and evaluation activities of the decentralization activities. The coalition grantees, however, assume more of a shared responsibility with the RP #2 team members for the varied information requirements that these activities convey. As such, the institutional burden of responsibility for information management between the two RPs are distinct.

Notwithstanding this fundamental differentiation, all contractor, grantee, and RP team management personnel will inevitably need to define their respective information requirements in all phases of data collection, storage, retrieval, processing, and reporting. It is recommended, therefore, that OGP, the Office of Planning and Resources Management (PRM), and the Data Management Division (DMD) actively collaborate in defining the overall system parameters of OGP activities and thereby facilitate Mission-wide computabilization and consolidation of democracy and governance monitoring, evaluation, and reporting requirements. It is suggested that coordination among the various contractor/grantee and USAID/Philippine offices at the early M&E (monitoring and evaluation) design stages will improve Mission-wide: information storage, processing and analysis; efficiency in information flow and access; and the quality of information as a resource for policy and management decision making.

E. MIS Technical Considerations

The MSI Team has identified Strategic Objective and Results Package indicators. Additionally, in accordance with that stipulated in the Scope of Work, the Team in conjunction with the DMD, have designed and developed a prototype management information system for the recording, storage, retrieval, processing, and reporting of the OGP performance and management-related information as defined in the current report. It should be noted that collaboration between the MSI Team and DMD personnel was intended to provide institutional memory and enhance in-house technical expertise in providing for the continuing development of a MIS for OGP. Considerable attention has been given to the definition of the data elements, units of measure, frequency of reporting, and the graphic representation of data emphasizing the visual communication of baseline, performance, and target data. (See Annex E for graphic representations prepared by the MSI Team.)

Given the identification of Strategic Objective and Results Package indicators, the selection of software becomes one of the next most critical factors in the development of an

automated system. Generalized software packages are given preference over custom programs. In general, custom software will have greater maintenance demands than a well-tested off-the-shelf applications package as well as require more rigorous programming skills of the user. Consequently, the aforementioned OGP/MIS prototype has been developed based on a generalized software package which technically responds to the applications requirements, is currently installed in the USAID/Philippines computer network, the Mission has highly qualified DMD technical personnel with the requisite programming skills to provide technical assistance for the development and training in the use of the software, and that the minimal technical requirements for software installation are easily satisfied among all of the contractor/grantee micro-computing environments. These conditions should greatly enhance the compatabilization of systems and data transfer.

The generalized software application used in the MIS for OGP is Microsoft Office. Microsoft Office integrates word processing (Word) , spreadsheet (Excel), and graphical presentation tools (PowerPoint) in a Windows graphical environment which enables the user to work in several applications simultaneously without having to quit applications. Text, graphics, and data can be easily transferred between applications. In addition, integrated software packages, like Microsoft Office, share common commands and features which accelerate and enhance user productivity. Excel worksheets are the work-horses of the MIS for OGP. It enables the user to store manipulate, calculate, and analyze numbers, text, and formulas on a given worksheet and visually present project data from a variety of built-in drawing tools and two-dimensional and three-dimensional chart types which can be customized to particular user requirements to create high-quality presentations. It is believed that not only will the MIS for OGP serve as an effective information management tool for RP #1 and RP #2 monitoring, evaluation, and reporting requirements, but it will also serve as a front-end system to generate in-house data in satisfying the USAID/Philippines' up-line reporting requirements to the Operations Results Tracking System of USAID/Washington.

With the exception of the 1994 IRA and participation data pertaining to National Coalitions for Disadvantaged Groups, all data sets input into the databases across the life of the Strategic Objective are dummy data. It was necessary to input dummy data in order to test the formulas, cell relationships, and data links among the various worksheets and functions of integrated spreadsheet, graphic, and text processing routines. Although the processing capabilities of the OGP/MIS can be obviously developed further, the current system applications and files satisfy the reporting requirements identified in the strategic objective and results package performance measurements contained in this report. Building on the existing structure, additional data sets can be generated as management personnel pursue further definition of their respective institutional/project management responsibilities and information requirements and as actual data becomes available. Example dummy data output for the strategic objective and results package performance measurements for both RP #1 and RP #2 as contained in this report is attached.

Minimum system requirements for the transfer of the OGP/MIS to contractor/grantee or other interested user micro-computer processing environments include:

- 80286, 80386 or 80486 personal computer with a 5.25 inch (1.2 megabyte) or 3.5 inch (1.44 megabyte) high-density floppy disk drive.

- Microsoft Windows version 3.0 or later. Microsoft Windows 3.1 or later is required for PowerPoint.
- Hard disk with at least 16 megabytes of free disk space. Additional space is required to install more than the minimum files required to run the applications.
- EGA or higher resolution video adapter compatible with the version of Microsoft Windows installed.
- 2 megabytes of random access memory.

VII. LESSONS LEARNED FROM THE USAID/PHILIPPINES D/G PROGRAM THAT MAY HAVE BORDER APPLICATIONS

A number of findings for communication to a larger USAID audience were identified in the course of recommending performance indicators for USAID/Philippines' Results Packages and Strategic Objective in the D/G area. They include:

A. Generic Indicators and Country Specific USAID Activities

The D/G generic categories of indicators and the illustrative indicators identified in a number of exercises and studies promoted by USAID provide useful guidance for USAID program and project managers. However, specific indicators for a country program must be identified to reflect the country specific development reality. Where the country is, in terms of the degree of progress achieved by the country in the D/G arena, must be reflected in the specific nature of the indicator selected. The Philippines is a good case in point. Because of the complexity and sophistication of D/G objectives being supported by USAID/Philippines, in the final analysis the Results Package Team must craft the specific indicators to capture the nuances of the Philippine reality.

B. Polling for Performance

Polling for attitudes with respect to democracy and governance perceptions using a national sample will not provide an indication of performance of the devolution objective that is being promoted by USAID/Philippines. This is particularly the case since the USAID-supported interventions are targeted on specific municipalities and cities. Lessons learned in Guatemala, El Salvador, and Nicaragua regarding the uses of polling for perceptions in the D/G area should be reviewed before using the indicator of information obtained from national surveys of public opinion as a proxy for gauging USAID performance in the D/G area in targeted cities and municipalities.

This is not to say that polling for perceptions regarding the state of play in the D/G arena is without merit. The polling information can be used to describe the problems in the D/G area to the citizens of the country. Also this information may be useful to USAID as a programming tool to describe the problems in the D/G area. Additionally, surveying or polling for attitudes and perceptions in target municipalities and cities may provide useful information of the present status regarding D/G in those target areas. However, information derived from subsequent polling efforts and compared with the information from the baseline of the original effort will not necessarily provide evidence of performance with regards to USAID-funded activities even when limited to targeted LGUs. At best, sampling of opinions in a target LGU is only one of a number of indicators that should be used to identify performance.

C. Measuring Performance in Local Government Activities

The GOLD Project has a local government strengthening objective that is not dissimilar with local government strengthening objectives being supported by other USAID missions. There

are a number of perspectives from which one can view whether a LGU is being strengthened. These perspectives include:

- the nature and extent of citizen participation in decision making in the LGU;
- the nature and extent of financial resources available to the LGU;
- the nature and extent of public services provided by the LGU;
- the degree to which the LGU is more accountable for its resources; and
- the effectiveness of national or regional organizations designed to promote a strengthened LGU.

Indicators were developed for each one of these perspectives, or categories, to be considered by USAID/Philippines for their local government project. Table 2 "Illustrative Indicators for a Monitoring System for a Local Government Unit Activity" lists both generic indicators and the specific indicators recommended to USAID/Philippines for each of the categories listed above with the exception of indicators for "effectiveness of national or regional organizations designed to promote a strengthened LGU."

The same general categories of indicators were found appropriate for USAID/Philippines as have been suggested for other local government projects supported by USAID. However, the indicators for RP #1 have been specifically crafted to reflect the emphasis that the GOP and USAID/Philippines put on promoting greater participation in the governance process. The indicators also reflect that the process of devolution of responsibilities is relatively further along when compared to other countries in which USAID has investments supporting the deconcentration of power. Consequently, some indicators must reflect the higher order results that USAID/Philippines is anticipating.

Each of the generic indicators listed in Illustration 1 could be used to measure progress in a LGU strengthening program at any given point in the history of implementing a LGU program. However, as intermediate objectives are refined, so must the indicators be refined to reflect progress of the intermediate objectives. Certainly, at one time it was important to look at the local electoral process in the Philippines; certainly it will be important to keep track of the degree of participation in the electoral process in the future. However, it is more important to select participation indicators that measure the participation of citizens as they directly engage in the governance process in terms of development expenditures in their community that have the potential of impacting directly on their quality of life. Consequently, a number of indicators have been identified that attempt to measure participation as it relates to more accountable government which is a specific objective of the 1991 Code.

With regard to measuring the contribution of local government activity to the Strategic Objective, a single indicator was recommended. However, to calculate this indicator, it will be necessary to develop a matrix in which a number of different perspectives relating to participation and administration as envisaged by the 1991 Code is assessed. This will involve gathering data

on several different dimensions of LGU governance. It is a complex undertaking reflecting the complexity of the development activity being supported by USAID/Philippines. Conversations with the contractor, ARD, suggest that they are in the process of developing such a matrix for each target LGU. The information system that would have to be developed to satisfy the reporting requirement for RP #1 and the Strategic Objective could incorporate itself into the monitoring and information systems that ARD needs to develop to fulfill its contractual obligations to USAID/Philippines.

D. Coalition Building and Success Stories

In terms of the coalition building activity, the only meaningful way to gauge performance other than counting the number of CSOs performing effectively or the number of members impacted upon, is to describe the major policy advances or issues addressed as a result of policy advances. For this to be meaningful to high level consumers of the performance information, it will be necessary to state the accomplishments in terms of success stories that are presented in narrative form.

Table 2

Indicators for a Monitoring Systems for a Local Government Unit Activity

RESULTS TO BE MEASURED	INDICATORS
<ul style="list-style-type: none"> Nature and extent of citizen participation in decision making in the LGU 	<ol style="list-style-type: none"> The manner that LGU officials are selected Elections for local offices held Local elections delinked from national elections % of eligible voters voting in LGU local elections (male/female) % of people who believe LGU is more responsive to their needs % of LGU projects initiated in response to citizens' needs and desires Average # of town meetings per annum Nature of citizens' groups which actively work with local government Average # of participants in town meetings (male/female) % of municipalities with regular town meetings % of citizens registered to vote who participate in periodic municipal meeting <hr/> <ol style="list-style-type: none"> The number of target LGUs implementing investment plans developed with effective Barangay and NGO participation in the Development Council The number of target LGUs implementing environmental plans developed with effective Barangay and NGO participation in the LGU's Development Council The number of target LGUs in which an efficacious People's Organization (PO) and Non-Government Organizations (NGO) accreditation process has been established

USAID/Philippines

RESULTS TO BE MEASURED	INDICATORS
<ul style="list-style-type: none"> Nature and extent of financial resources available to the LGU <p>USAID Philippines</p>	<ol style="list-style-type: none"> Central government transfers as a % of total LGU budget % of national budget allocated for LGU % of total revenues from LGU <hr/> <ol style="list-style-type: none"> Total amount of national revenues allocated to target LGUs Total amount of self-generated revenues collected by target LGUs Total number of target LGUs securing credit from for-profit institutions Total amount of credit finance secured by target LGUs from for-profit institutions
<ul style="list-style-type: none"> The nature and extent of public services provided by the LGU <p>USAID/Philippines</p>	<ol style="list-style-type: none"> % of population with access to LGU-provided public services (i.e., water, sanitation, electricity) <hr/> <ol style="list-style-type: none"> Total amount of target LGU recurrent expenditures as a percentage of the total amount of LGU revenues expended Total amount of target LGU non-recurrent spending revenues expended on educational and basic health service delivery
<ul style="list-style-type: none"> The degree to which the LGU is more accountable for its resources <p>USAID/Philippines</p>	<ol style="list-style-type: none"> 3-year average real capital expenditures per capita Personnel expenditures as a % of recurrent spending Total local LGU employees as a % of total local population (yes/no) LGU budget must be published prior to approval # of audits of LGU budgets <hr/> <ol style="list-style-type: none"> Number of target LGUs in which the LGU's Pre-qualification, Bids, and Awards Committee is effectively operating with NGO participation

RESULTS TO BE MEASURED	INDICATORS
	<p>B. Number of target LGUs in which the LGU has a monitoring system with NGO or PO participation and the system produces project implementation status reports that are available to the public</p> <p>C. Number of target LGUs in which uniform and transparent information regarding resources, expenditures, and operations is widely available in the appropriate language(s) to the citizenry</p>
<ul style="list-style-type: none"> • Effectiveness of national or regional organizations designed to promote a strengthened LGU 	<ol style="list-style-type: none"> 1. Recommendations and acceptance of recommendations of national organizations supporting LGUs 2. Products and activities of LGU associations in support of local government

Annex A

Annex B

Annex C

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Annex C

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Annex D

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MEASURING SUCCESS

WHAT ARE THE STEPS --

- CLEAR AND PRECISE STATEMENT OF THE ULTIMATE OBJECTIVE
- IDENTIFICATION OF INTERMEDIATE OBJECTIVES THAT ARE NECESSARY TO ACHIEVE THE ULTIMATE OBJECTIVE
- DEFINITION OF BENCHMARKS (INDICATORS) TO IDENTIFY IF INTERMEDIATE OBJECTIVES ARE BEING ACHIEVED ALONG THE IMPLEMENTATION PATH
- SPECIFIC MEASURES THAT DEFINE THE ULTIMATE OBJECTIVE(S)

WHAT IS THE PATH/IMPLEMENTATION PLAN/WORK PLAN

■ *IDENTIFY THE INPUTS NECESSARY TO ACCOMPLISH THE TASK*

■ *BUILD YOUR COALITION* (intermediate objective)

Indicators for measuring progress in building a coalition:

- Degree of representiveness of the coalition. (Number of members)
- The coalition has a research capacity as a basis for developing empirically-based issues to be advocated by the coalition.
- The coalition has the capacity to train leaders and members to identify issues and perform advocacy functions at all levels of the coalition.
- The coalition has the capacity to operationalize planning from the grassroots up.
- The coalition has the capacity to identify and advocate an agenda that reflects consensus within the coalition.
- The coalition is transparent in the manner in which it manages its financial affairs.
- The coalition operates at the level critical to fulfilling its mandate, be that at the grassroots, region, or national level.
- The coalition has the ability to identify and work with other institutions that share and are willing to advocate the coalition's agenda.

■ *COALITION ADVOCATES POSITIONS/ADDRESSES PROBLEMS AND ISSUES*

■ *COALITION PROBLEMS ADDRESSED* (ultimate objective)

Illustrative indicators for measuring performance of the coalition:

- Members recognized as partners in the decision making process
- Law passed and implemented
- Policy established and implemented
- Land titles distributed to members of the coalition

IT IS CRITICAL TO SET UP A MONITORING AND REPORTING SYSTEM FOR BOTH INTERMEDIATE AND ULTIMATE OBJECTIVES THAT INFORMS THE MEMBERS OF THE COALITION AS WELL AS THE LEADERSHIP OF THE COALITION AND ORGANIZATIONS THAT PROVIDE RESOURCES TO THE COALITION.

Criteria for the Selection of Performance Indicators

- Direct:** Explicit measure of the objective.
- Unidimensional:** Measures only one objective.
- Disaggregated:** When appropriate disaggregate by gender, age, urban/rural, etc.
- Verifiable:** Permits verification of measurement accuracy.
- Adequate:** Measures the objective effectively and efficiently. When selecting more than one indicator, it is important to think about the relationship between indicators.
- Quantitative if Possible:** But qualitative where necessary. Quantitative measures should be expressed not just in terms of a numerator, i.e., an absolute number, but should include the denominator whenever possible. It is the denominator that indicates the size of the problem being tackled.
- Reliable:** Generally accepted information source and methodology.
- Timely:** Can be gathered systematically.
- Cost-Effective:** Costs of data collection will be reasonable.
- Relevant:** Useful for decision makers.